The Regional Municipality Of Durham

FINANCIAL REPORT 1986

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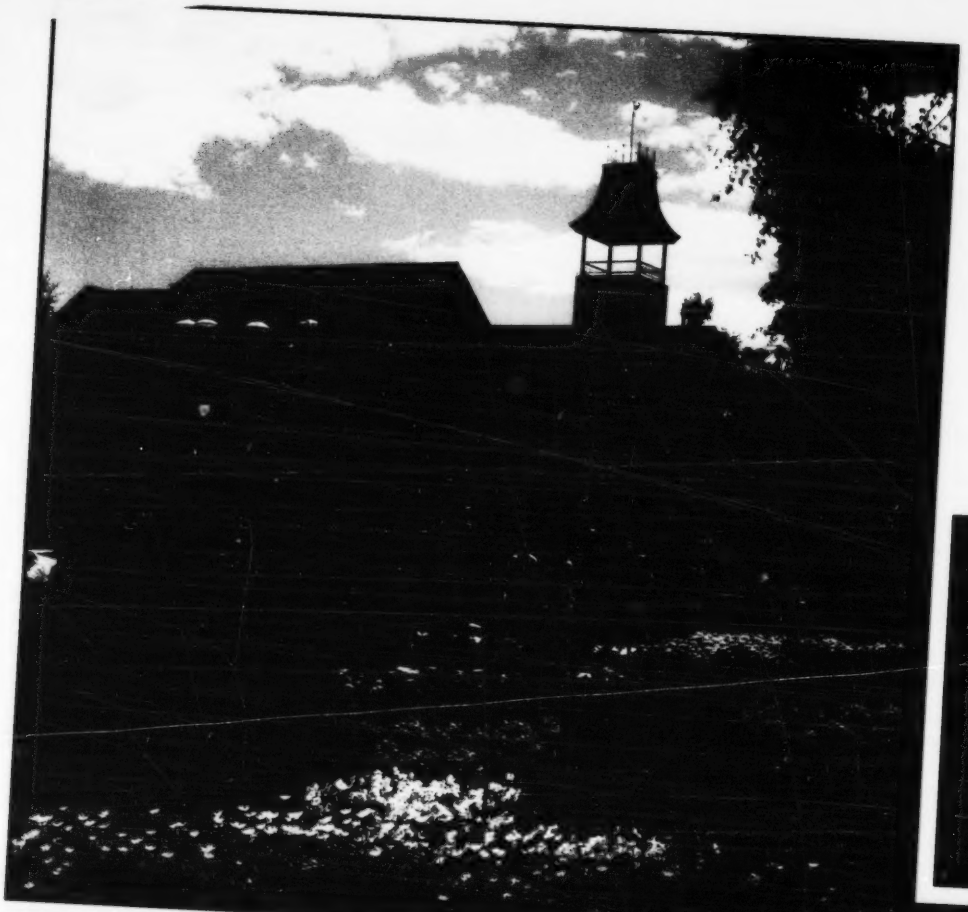

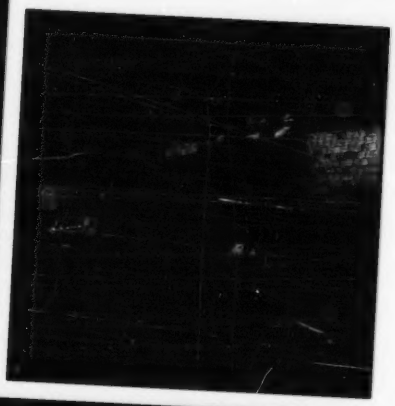

MESSAGE FROM THE REGIONAL CHAIRMAN

I am very pleased with the dynamic growth and development taking place in the Region of Durham. This growth in all sectors - residential, commercial and industrial - is still continuing at an outstanding pace.

The single most important development in 1986 centred around the $2 billion investment by General Motors of Canada Limited in its automotive operations. This will be the focal point for suppliers of the automotive industry and will create a spin-off for other investment opportunities in the Region.

In turn, we are experiencing a tremendous commitment by the public and private sector in our community.

Recent announcements such as the planned new General Motors corporate headquarters to be located on lakefront property in Oshawa and the expansion of Highway 401 from a six to a twelve lane core and collector traffic system to Pickering are just two examples of the magnitude of construction commitments which only will attract further industry and growth to the Region. Of course there are many other planned expansions and new construction in residential and commercial areas which are taking place in Durham.

Financially, the Region of Durham ended 1986 in a strong position with surplus funds in the general, water and sewer operations totalling $3.8 million, slightly higher than the $3.6 total fund balances reported at the end of 1985. This surplus position provides the solid financial base for maintaining the Region's sound fiscal policies into the future. One such policy is the "pay as you go" capital spending policy. Again, for the fourth consecutive year, no debenture financing was required by the Region. The result is the continual decline in the per capita debt for general municipal purposes, but more importantly the significant decline in water and sewer debt.

Consequently, I am personally very gratified with the solid economic and financial framework developed by Regional Council, the Chief Administrative Officer and senior staff. Each year the accomplishments have been consistently bigger and better and although our goals are high, I believe that our commitment to a sound and viable municipality will ensure many further achievements and the success of the Region of Durham and its ratepayers in ensuing years.

G. Herrema,
Regional Chairman.

CHAIRMAN
GARRY HERREMA

COUNCILLORS

TOWN OF AJAX
* William McLean
Jim Witty

TOWN OF NEWCASTLE
* John Winters
Ann Cowman
Diane Hamre
Marie Hubbard

TOWN OF PICKERING
* John Anderson
Robert Mitchell
Alex Robertson
Norah Stoner

TOWN OF WHITBY
* Robert Attersley
Tom Edwards
Gerry Emm

CITY OF OSHAWA
* Allan Pilkey
John Aker
Michael Armstrong
Pauline Beal
Linda Dionne
Cy Elsey
Irv Harrell
Edward Kolodzie
Allan Mason
Brian Nicholson
Doug Wilson

TOWNSHIP OF BROCK
* Allan McPhail
Keith Shier

TOWNSHIP OF SCUGOG
* Jerry Taylor
Lawrence Malcolm

TOWNSHIP OF UXBRIDGE
* Gerri Lynn O'Connor
Donald Jackson

* Denotes Mayor of Municipality

CHIEF ADMINISTRATIVE OFFICER
D.R. EVANS, MA. Sc., P. Eng.

FINANCE DEPARTMENT
J.L. GARTLEY, CMA, AMCT
COMMISSIONER OF FINANCE AND TREASURER

R.J. CLAPP, CA
DIRECTOR OF TREASURY SERVICES

E. DEHAAN, CMA
MANAGER OF ACCOUNTING SERVICES

R.D. SIBLOCK, CMA
MANAGER OF WATER/SEWER BILLING

G.A. PATERSON, CMA
DIRECTOR OF ADMINISTRATIVE & FINANCIAL SERVICES

J.P. PENNACHETTI, MBA, CGA
MANAGER, BUDGETS & ECONOMIC STUDIES

J.S. LORNE, CET, MBA
MANAGER, SUPPLY & SERVICES

AUDITOR
DELOITTE, HASKINS & SELLS, CHARTERED ACCOUNTANTS

BANKER
CANADIAN IMPERIAL BANK OF COMMERCE

MANAGERS OF FISCAL AGENCY
- BELL, GOUINLOCK & COMPANY, LIMITED -
- DOMINION SECURITIES LIMITED -
- WOOD GUNDY LIMITED -

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ANNUAL REPORT

OF THE TREASURER AND COMMISSIONER OF FINANCE

FOR THE YEAR 1986

PREFACE

It is my privilege to present the Financial Statements for the Regional Municipality of Durham for the year ended December 31, 1986, including the Auditor's Report thereon, and to highlight some of the most notable financial and economic activities and events which occurred during the year.

The audited financial statements presented herein have been prepared in accordance with accounting principles generally accepted by municipalities in Ontario. The accounting principles used are those judged to be most appropriate under the circumstances with significant accounting policies described in the accompanying Notes to the Financial Statements.

To ensure that transactions are accurately recorded on a timely basis, properly approved, and result in reliable financial statements, the Region maintains an extensive system of internal accounting controls. The adequacy and preparation of the control systems are monitored on an ongoing basis by the Treasury Services Section of the Region's Finance Department.

The firm of Deloitte, Haskins and Sells, Chartered Accountants, through its Auditor's Report has expressed an independent and informed judgement as to whether the Region's financial statements present fairly the Municipality's financial position and results of its operation in conformity with generally accepted accounting principles.

The Auditor's Report is based on the findings from an examination of the Region's accounting systems, procedures and internal controls and is conducted in accordance with generally accepted auditing standards.

The financial information contained in my Annual Report, which follows, is consistent with the annual audited financial statements.

THE YEAR IN REVIEW

- Economic Highlights

Dynamic economic growth continues in the Region of Durham. In 1985, we reported unprecedented records in all sectors of the economic sphere - industrial development, commercial construction, government/institutional construction and residential growth. **In 1986, previous performance records were broken and if current activity persists, 1987 will be an even better year.**

This unprecedented trend in economic growth can be attributed to a number of factors, namely, the availability and competitiveness of industrial, commercial and residential development lands, a local and viable service/retail industry, a good supply of skilled and unskilled labour, the co-operation and receptiveness of local and regional governments to development and the fine Regional infrastructure. More and more, companies are becoming aware of the competitive advantage which the Region of Durham displays. This in itself has projected the Region to new heights in economic development activity.

One of the main economic growth indicators used to gauge success is the value of building permits issued during the year. In 1986, all components of Durham's economy have reached record levels.

Overall activity of building permits grew by 63% to end the year at almost three quarters of one billion dollars ($720,000,000). If one evaluates building permit activity over the last three year period from 1984-1986 a staggering 1.5 billion dollars of capital investment has been made within the Region of Durham.

In 1986, all area municipalities displayed excellent growth but as can be expected the southern municipalities made up the major share of development with 93% of activity or $669,000,000. The Town of Ajax with an actual increase of $74,000,000 led the municipalities with the Town of Pickering ($57,000,000),Town of Whitby ($47,000,000), City of Oshawa ($43,000,000) and Town of Newcastle ($36,000,000) following respectively.

This growth has occurred in all sectors of Durham's economy.

Industrial construction experienced a growth of 35% or from 83.7 million dollars to 113.1 million dollars from 1985 to 1986. This, for the years 1984 to 1986, represents the building of 5.1 million square feet of industrial construction in the Region and an increase of 65% from 1985 to 1986 (1.5 million square feet to 2.5 million square feet).

Residential building permits almost doubled from 1985 to 1986 or from $280.4 million to $506.4 million. In fact from 1984 to1986 there has been an increase of 176% or from $189.5 million to $523.1 million. The addition of over 15,000 housing units indicates an excellent supply of labour availability within the Region.

Again activity was led by Ajax with an additional 716 units built in Ajax in 1986 for a total of 1,570 units. Pickering was close behind with 1,568 units (a 483 increase from 1985) followed by Oshawa with 1,350 units, Newcastle with 1,150 units and Whitby with 1,092 units.

General Motors' announcement of a $2 billion dollar investment in its Autoplex Automobile Facility provided the stimulus for other industries to locate within the Region of Durham. Suppliers to GM are now required to stock inventories as GM changes from a traditional

inventory system to the "Just In Time" inventory system. A number of industries such as BASF, Lear Seigler, TNT and Canada Transport have located in close proximity to the GM Oshawa Plant to provide the service and delivery required.

Spurred on by this announcement to make Oshawa the most technically advanced centre for automotive production, GM continued to expand and modify its facilities. The stamping plant located on Park Road and the upgrading and remodelling of the Division Street plant were the centres of major activity of 1986. GM also undertook major vehicular/ pedestrian separations on both Stevenson Road and Park Road.

Overall, the phenomenal growth rate of 1986 is continuing into the early part of 1987, ensuring another successful year in 1987.

FINANCIAL

Overview

In 1986, the budget impact on the average ratepayer increased by 9.5% for general purposes whereas the combined water and sewer rate increased by only 4.1% for water and sewer customers.

Regional Council continued its policy of budgetting a capital levy amount from current funds. In the 1986 general purpose budget, Regional Council set aside $852,333 as a special capital levy amount with incremental increases projected for future years which will eliminate long-term borrowing for known projects. Moreover, approximately $6.7 million was provided in the water and sewer current budgets for capital expenditures to be financed from the 1986 current operations. In addition, no debentures were issued for the Region's share of costs of the 1986 capital projects which is in keeping with Regional Council's "pay as you go" policy.

Despite a budget increase greater than inflation, Regional Council, through its adherence to strict financial controls along with continued vigilance on municipal spending, was able to complete the year with excellent financial accomplishments. The year's financial activities resulted in a consolidated fund balance (surplus) of $3.8 million to be used to offset taxation and user charges. This fund balance is comprised of $1.9 million for general purposes, $0.8 million for the waterworks system and $1.1 million for the sanitary sewerage system. The budgetary savings which contributed to the surplus balances were a direct result of cost and other financial controls currently in place and carefully followed by staff as directed by the Chief Administrative Officer.

For the water and sanitary sewer funds, as mentioned previously, the surplus from operations was accomplished in a year when the rate increase was only a 4.1% impact on the average, despite an inflation rate of approximately 4%. In constant dollars, the Regional levy has only increased from $203 per household in 1980 to $220 in 1986, which has increased the amount per household as a percentage of disposable income from 0.79% in 1980 to 0.93% in 1986.

In 1987, cost efficiencies from current policies will continue, resulting in a 1987 water and sewer rate increase of 4.0% which is consistent with the expected rate of inflation for the year while the general purpose levy will increase by 9.8% on the average ratepayer in Durham, a higher rate than the esti-

mated rate of inflation which partly is a result of Regional Council's decision to provide for financing 100% of the 1987 capital projects from the current levy and from certain costs which result from rapid growth in the area of police, roads, waste disposal and social services.

Regional Council has established sound financial policies which are monitored carefully by senior staff. Strict adherence to these policies assures the financial stability and integrity of the Region of Durham for the future.

Regional Levy

The following exhibit compares the impact of the Regional levy on an average ratepayer to the rate of inflation for the last five years:

EXHIBIT 1

COMPARISON OF THE IMPACT OF THE REGIONAL LEVY ON AN AVERAGE RATEPAYER IN DURHAM TO THE RATE OF INFLATION FOR THE YEARS 1982 - 1986

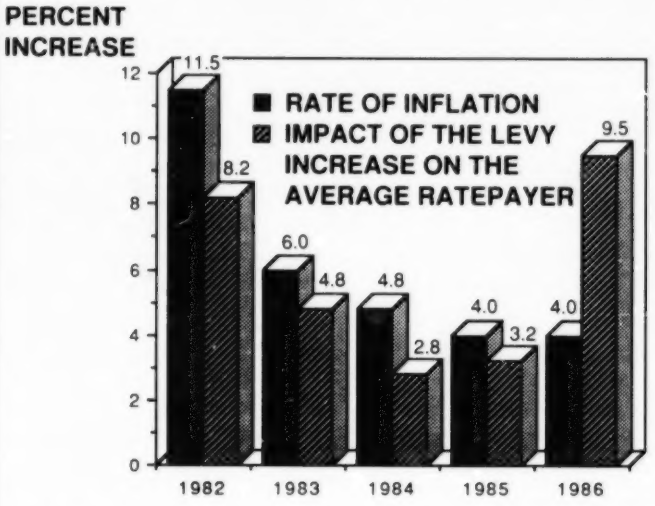
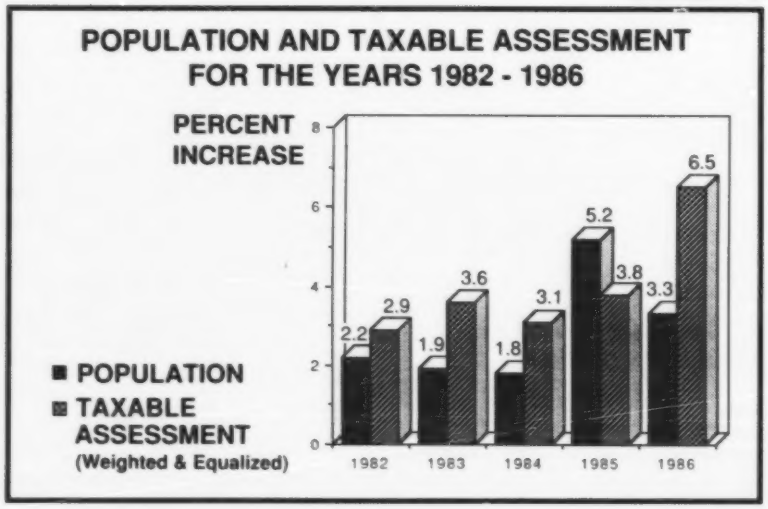


EXHIBIT 2



Population and Taxable Assessment Growth

The population in Durham increased in 1986 by 3.3% but, more notably, the taxable assessment increased at a greater rate (6.5%). This positive trend is indicated in Exhibit 2.

Sources of Financing - Revenue Fund

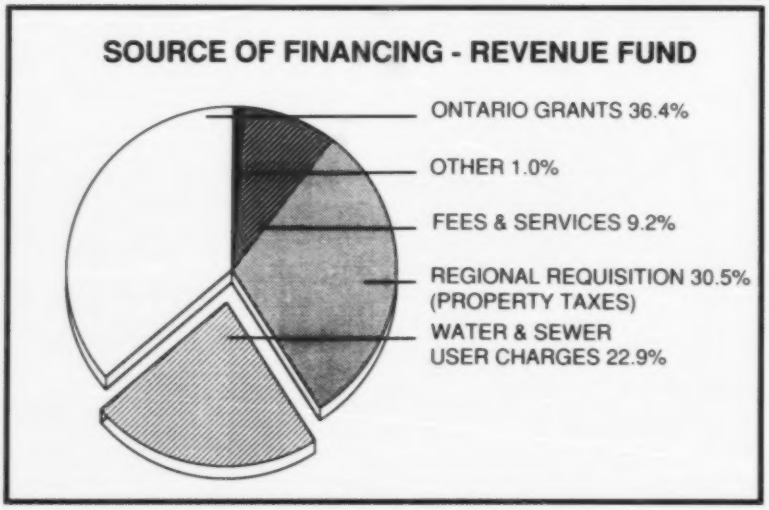
The main sources of revenues in 1986 for Durham are presented in Exhibit 3.

The Province of Ontario has provided the Region with its major financing source by contributing $46.9 million or 36.4% of the total current revenues for 1986.

The other main sources of revenue and their percentage of the total current revenues for 1986 included:

- Regional Requisitions on Area Municipalities - $39.3 million - 30.5%
- User Charges for Water and Sewer - $29.5 million - 22.9%
- Fees and Service Charges - $11.8 million - 9.2%
- Other Sources - $1.3 million - 1.0%

EXHIBIT 3



Expenditures - Revenue Fund

The 1986 revenue fund expenditures for the Region of Durham are presented herewith according to their major functional headings.

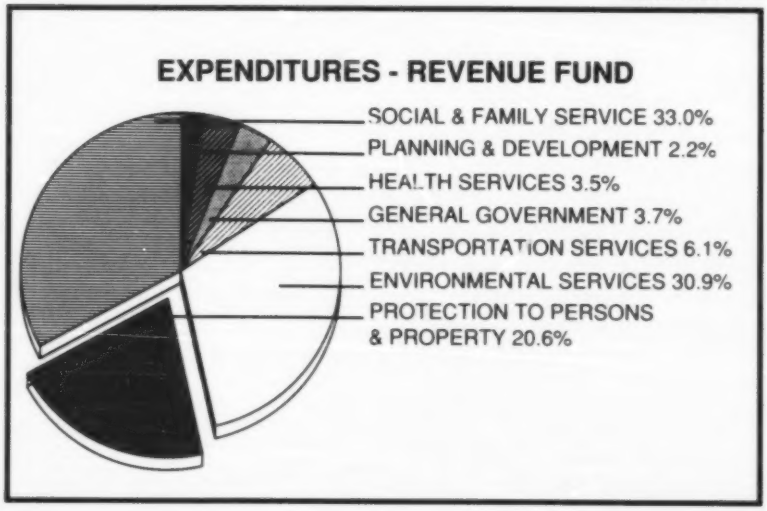
Social and Family Services represent the major expenditure item at $41.0 million or 33.0% of total current expenditures. The cost of Social and Family Services includes welfare assistance, family counselling, day nursery services and the maintenance of Durham's three Homes for the Aged. These costs are directly related to programs established by the Province of Ontario and accordingly are extensively subsidized by the Province. In 1986, Durham experienced a dramatic decrease in the general welfare caseload. The number of cases decreased by approximately 7% from 1985 which contributed significantly to the overall general levy surplus position at the end of the year.

The cost for Protection to Persons and Property is $25.5 million or 20.6% of total expenditures. Of this amount, $24.5 million represents Police costs for the year while the balance represents the Regional share of the costs of various Conservation Authorities and the Emergency Measures program.

The balance of expenditures includes the following individual expenditures expressed in dollars and as a percentage of total expenditures:

- Environmental Services (water, sewer and waste disposal operations), $38.3 million - 30.9%
- Transportation Services (including traffic control), $7.6 million - 6.1%
- Health Services (including public health inspection), $4.3 million - 3.5%
- Planning and Development, $2.7 million - 2.2%
- General Government, $ 4.6 million - 3.7%

EXHIBIT 4



Waterworks and Sanitary Sewage Operation

The Region of Durham is responsible for the administration, operation and maintenance of the water supply and sanitary sewage systems.

Revenues required to finance these Regional functions are mainly raised on a uniform user fee basis. The water and sewer revenues and expenditures are monitored very closely during the year to ensure that these specialized operations are financially viable. The 1986 operation of the waterworks system resulted in a surplus of $0.7 million due to an increase in revenues from the sale of water and service charges exceeding the amount projected. A high customer growth rate and a large increase in water consumption, especially by the industrial and commercial sectors, continued in 1986 and helped to produce this overall surplus in the water operation.

Similarly, the 1986 operation for the sanitary sewage system resulted in a surplus of $1.1 million. As with the water operation, the direct billing revenues exceeded the amount projected, mainly as a result of the high growth rate in Durham during the year.

The water and sewage operations within Durham are examined annually to ensure their financial stability and viability. In 1986, as in previous years, a tri-department study group, consisting of staff from the Works, Planning and Finance Departments, reviewed the financing and servicing of the Waterworks and Sanitary Sewage Systems. In addition, the water and sewer rates and rate structures were examined in detail to ensure that:

- the water and sewer rates are adequate and the rate structures are appropriate;
- the financial resources available to the water supply and sanitary sewage systems in the form of user revenues, development charge levies and other revenues are sufficient to meet anticipated expenditures; and
- the water and sanitary sewage systems are self-supporting and financially managed in the most efficient manner consistent with the needs of the ratepayers in Durham.

As a result of the 1985 study, the 1986 Regional water and sewer user rates were increased by 4.1% in order to provide the necessary financing for the water and sewer operations. Similarly, the 1986 study made a recommendation, which was adopted by Regional Council that the water/sewer rates be increased by 4.0% in 1987 to stay in line with anticipated inflation.

In addition, Regional Council adopted the 1986 water and sanitary sewer services capital budget which contained no provision for debenture financing of the Region's share of 1986 capital projects. This is a continuation of the Region of Durham's policy to finance capital spending from current operations.

Durham will continue to monitor and review the costs and financing of the water and sewer operations annually to ensure efficiently managed and financially sound systems which will allow for future growth and yet not be a burden to the users of these systems.

Waste Disposal

The waste disposal operation also undergoes an extensive Works - Finance joint departmental review each year to ensure adequate financing and servicing.

The waste disposal operation in 1986 experienced a small deficit position for the first time despite a contribution from the General Purpose Fund of $789,689 to offset the expiration of the free disposal privileges at the waste disposal site operated by Metropolitan Toronto in the Town of Pickering. This slight deficit will be financed by current operations in 1987.

The waste disposal operation will continue to be reviewed annually to ensure future tonnage expectations and thus future revenues will match the expenditures for operating the various landfill sites. At the same time, operating costs will continue to be examined closely each month to ensure that expenditures for Durham's disposal services are not excessive. Our reviews in this area are crucial in maintaining a "price responsive" waste disposal service to industry.

Reserves and Reserve Funds

Financing capital expenditures from Reserves and Reserve Funds continues to be a very significant and integral aspect of the overall financing of major capital projects. In 1986, $9.4 million ($5.8 million in 1985) was expended from reserves and reserve funds to finance capital expenditures and debenture debt charges related to new residential growth. This reflects Regional Council's desire to pay, whenever possible, for capital expenditure relating to new residential growth from these funds which are collected mainly from residential developers for this purpose.

Reserves and reserve fund balances at the end of 1986 are $39.2 million. This is an increase of $7.2 million from 1985 and reflects the high rate of development taking place in Durham. Developers' lot levy contributions increased from a high of $6.9 million in 1985 to $12.0 million in 1986. By careful investment of these funds throughout the year, approximately $3 million in interest income was earned from the invested proceeds of the reserve funds. This income remains in the reserve funds to be applied against future capital requirements.

Capital Operations

The Finance Committee and Regional Council carefully scrutinize all funding of capital operations to ensure financing of as much capital expenditure from current revenues as possible, thereby maintaining the Region's established "pay-as-you-go" policy. In 1986, Durham spent $22.0 million on capital expenditure. Source of Capital Funds in 1986 was provided from current operations ($11.3 million), Provincial grants ($4.4 million) and other sources including Reserves and Reserve Funds ($5.9 million).

A summary of the 1986 capital operation is included in Exhibit 5.

EXHIBIT 5

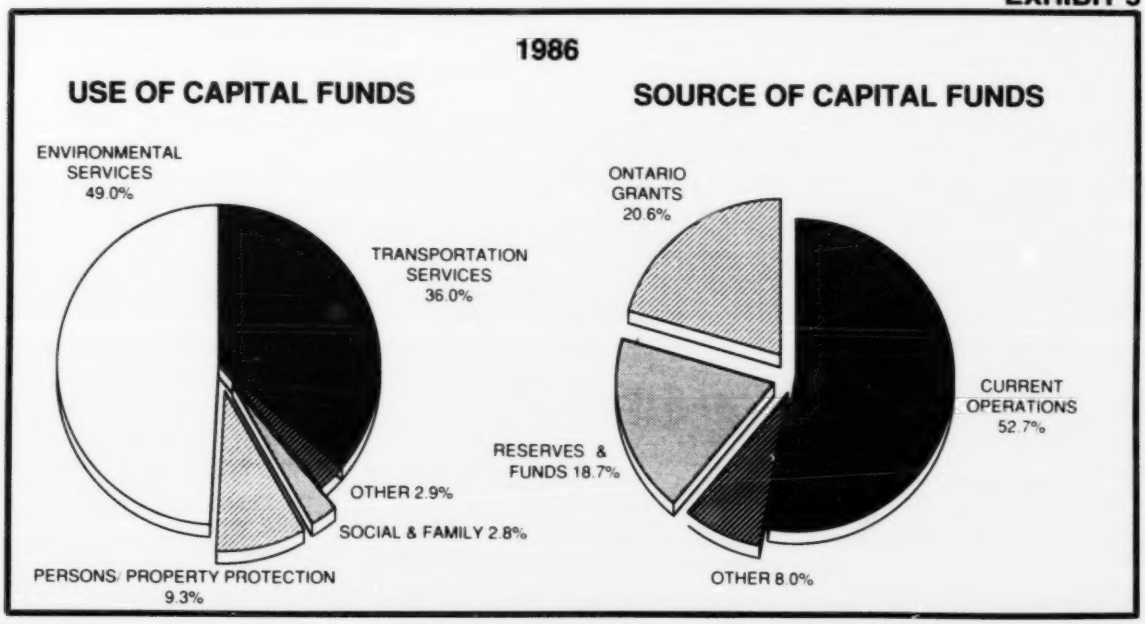
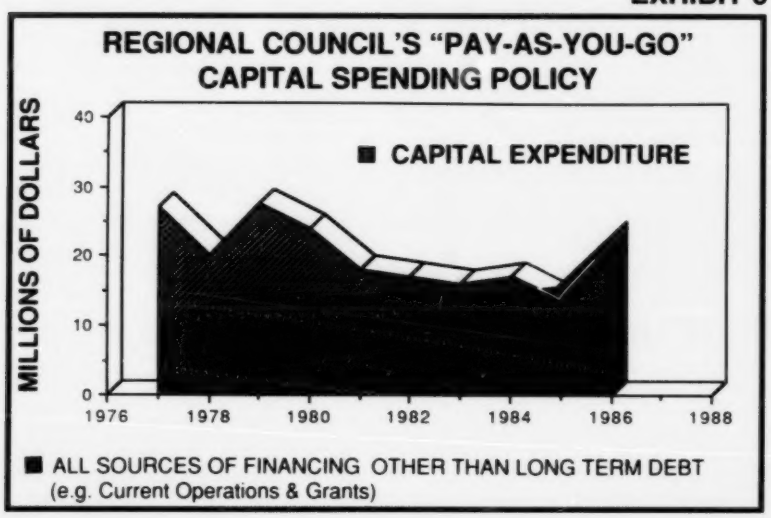


Exhibit 6 highlights Regional Council's "pay-as-you-go" capital spending policy over the years with approximately $141 million of capital expenditure financed from current operations and sources other than long term debt since the inception of the Region in 1974. This represents 67% of the total capital expenditures incurred from 1974 to 1986.

EXHIBIT 6



In summary, the Region of Durham, in 1986 has demonstrated remarkable financial achievements as evidenced by this report. Moreover, the tremendous growth and development, as indicated by the pace set in 1986 and which is continuing into 1987, will solidify the financial position of the Region for future years and ensure the financial viability and effectiveness of this municipality to its ratepayers, investors and financial institutions.

Respectfully submitted,

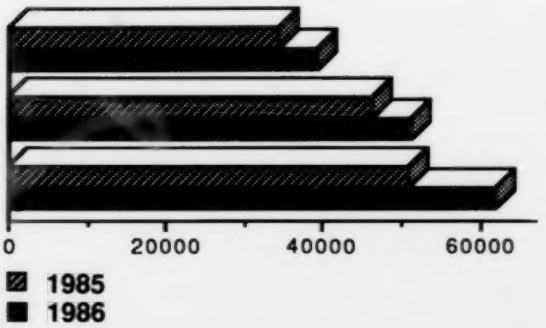
J.L. Gartley, CMA,

Commissioner of Finance.

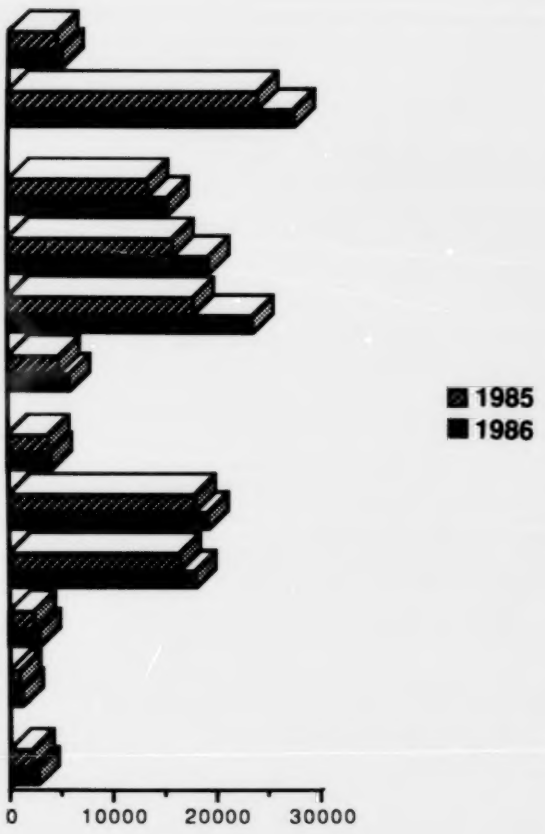
COMPARISON OF CONSOLIDATED REVENUES AND EXPENDITURES

(All amounts in thousands of dollars)

REVENUE:	1986	1985
REQUISITION- General Regional	**39,254**	34,372
ONTARIO GRANTS	**51,332**	46,214
OTHER- (mainly user service charges)	**61,990**	51,021
TOTAL REVENUE	**152,576**	131,607



EXPENDITURE:	1986	1985
GENERAL GOVERNMENT	**5,208**	4,874
PROTECTION TO PERSONS AND PROPERTY	**27,662**	24,236
TRANSPORTATION SERVICES	**15,601**	13,589
WATERWORKS	**19,422**	16,010
SANITARY SEWERS	**23,762**	18,008
OTHER ENVIRONMENTAL SERVICES	**5,937**	4,916
HEALTH SERVICES	**4,355**	3,988
SOCIAL SERVICES	**19,367**	17,938
SENIOR CITIZENS	**18,059**	16,405
DAY NURSERIES	**2,958**	2,440
FAMILY & CHILDREN'S SERVICES	**1,187**	1,078
PLANNING & DEVELOPMENT	**2,783**	2,364
TOTAL EXPENDITURE	**146,301**	125,846



6 YEAR FINANCIAL REVIEW

(All dollar amounts are in thousands of dollars, except per capita figures)	1986	1985	1984	1983	1982	1981
1) Population at the end of the year	**324,695**	314,238	298,725	293,507	288,153	279,161
2) Area in hectares at the end of the year	**246,587**	246,587	246,587	246,587	246,587	246,587
3) Employees - continuous full time	**1,730**	1,628	1,637	1,601	1,582	1,551
4) Number of households	**114,296**	108,905	105,848	102,635	99,126	95,451
5) Revenue Fund Financing						
Requisition on area municipalities	**$39,254**	$34,372	$31,820	$29,777	$27,645	$23,661
Ontario grants	**46,918**	43,424	42,069	40,597	36,441	32,589
Other (mainly user service charges)	**52,478**	44,984	40,440	36,877	30,949	26,404
	$138,650	$122,780	$114,329	$107,251	$95,035	$82,654
6) Revenue Fund Expenditure						
General municipal	**$138,447**	$124,528	$113,850	$106,292	$92,249	$81,867
7) Net long term liabilities						
General municipal activities	**$2,805**	$3,427	$4,056	$4,645	$5,277	$4,663
- Per capita	**$8.64**	$11.00	$13.58	$15.83	$18.31	$16.70
Sanitary Sewage	**$25,236**	$31,581	$33,582	$33,599	$34,527	$33,055
Waterworks	**$27,417**	$35,601	$37,296	$38,244	$39,183	$38,443
Waste disposal	**$886**	$1,015	$1,128	$1,253	$1,366	$411
Industrial land	**$300**	$900	$1,360	$1,700	$1,700	$1,700
8) Charges for net long term liabilities						
General municipal activities	**$1,069**	$1,144	$1,137	$1,315	$993	$1,285
- Per capita	**$3.29**	$3.64	$3.81	$4.48	$3.45	$4.60
9) Capital financing during the year						
Contributions from own funds	**$15,346**	$11,570	$10,635	$8,708	$5,835	$5,498
Long term liabilities incurred	**-**	-	1,639	1,451	7,505	-
Ontario grants	**4,413**	2,790	3,113	4,423	5,588	6,078
Federal grants	**831**	185	290	-	-	281
Other	**880**	2,079	2,300	2,280	5,700	2,348
	$21,470	$16,624	$17,977	$16,862	$24,628	$14,205
10) Capital expenditure during the year	**$22,049**	$14,362	$17,168	$16,004	$17,926	$17,592
11) Revenue Fund Balance	**$3,776**	$3,573	$5,321	$4,842	$3,883	$1,097
12) Reserves and reserve funds	**$39,217**	$32,014	$26,291	$22,751	$20,619	$19,351

AUDITOR'S REPORT & FINANCIAL STATEMENTS

AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Regional Municipality of Durham:

We have examined the consolidated balance sheet of the Corporation of the Regional Municipality of Durham as at December 31, 1986 and the consolidated statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation of the Regional Municipality of Durham as at December 31, 1986 and the results of its operations for the year then ended in accordance with accounting principles disclosed in Note 2 to the financial statements applied on a basis consistent with that of the preceding year except as explained in Note 13 to the financial statements.

Deloitte Haskins + Sells

Chartered Accountants

March 27, 1987
Licence No. 1113

CONSOLIDATED

BALANCE SHEET

as at December 31, 1986

	1986 $	1985 $
ASSETS		
Unrestricted:		
Cash and short term investments	12,804,929	10,085,629
Accounts receivable (net of allowance for doubtful accounts of $280,000 - 1986 and 1985)	21,606,645	18,749,990
Other current assets (Note 3)	3,035,386	2,106,527
	37,446,960	30,942,146
Restricted: (Note 7)		
Cash and short term investments	30,039,107	24,557,582
Accounts receivable	26,430	24,031
Investment in own debentures	1,937,153	2,444,282
Other	164,817	650,167
	32,167,507	27,676,062
Capital outlay financed by long term liabilities and to be recovered in future years (Notes 2 and 4)	56,643,844	67,881,867
	126,258,311	126,500,075
LIABILITIES		
Accounts payable and accrued liabilities (Note 13)	13,886,829	12,917,026
Current portion of Ontario Housing Action Program loans	6,763,800	2,945,933
Other current liabilities and deferred revenue	2,055,276	2,121,532
	22,705,905	17,984,491
Net long term liabilities (Note 5)	56,643,844	67,881,867
FUND BALANCES AT THE END OF THE YEAR (Note 13)		
To be used to offset (or to be recovered from) taxation or user charges in 1987		
- General Revenue	1,870,175	1,510,040
- Waterworks System	733,042	18,067
- Sanitary Sewage System	1,063,962	1,947,862
- Waste Disposal System	(77,441)	
- Environmental Inspections	186,212	96,614
	3,775,950	3,572,583
Unexpended Capital Financing	3,915,158	5,047,145
Reserves (Note 6)	7,049,947	6,074,627
Reserve funds (Notes 7 and 12)	32,167,507	25,939,362
	46,908,562	40,633,717
	126,258,311	126,500,075

The accompanying notes are an integral part of these financial statements

CONSOLIDATED

STATEMENT OF OPERATIONS

for the year ended December 31, 1986

	1986 Actual $	1985 Actual $
SOURCES OF FINANCING (Schedule 1)		
Requisition on Area Municipalities	**39,253,942**	34,371,850
User charges - Water and Sewer	**29,461,172**	27,040,023
Other user charges	**11,795,856**	10,533,245
Grants		
- Government of Canada	**831,452**	228,447
- Province of Ontario	**51,331,647**	46,213,515
Contribution from developers	**13,421,125**	7,592,623
Other	**6,480,805**	5,626,831
	152,575,999	131,606,534
EXPENDITURES: (Notes 2,8,9,10 and 11) (Schedule 1)		
General government	**5,207,563**	4,874,127
Protection to persons and property	**27,662,484**	24,236,202
Transportation services	**15,601,245**	13,589,211
Environmental services	**49,121,016**	38,933,975
Health services	**4,354,765**	3,987,462
Social and family services	**41,571,135**	37,860,746
Planning and development	**2,782,946**	2,363,984
	146,301,154	125,845,707
EXCESS OF FINANCING OVER EXPENDITURES	**6,274,845**	5,760,827
FUND BALANCES AT THE BEGINNING OF THE YEAR	**40,633,717**	34,872,890
FUND BALANCES AT THE END OF THE YEAR	**46,908,562**	40,633,717

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS
December 31, 1986

1) **MUNICIPAL STRUCTURE**

The Regional Municipality of Durham came into existence on October 15, 1973 and assumed its responsibilities on January 1, 1974, under the authority of the Regional Municipality of Durham Act, 1973.

The Region comprises the following Area Municipalities:

City of Oshawa
Town of Ajax
Town of Newcastle
Town of Pickering
Town of Whitby
Township of Brock
Township of Scugog
Township of Uxbridge

and is responsible for services within these Area Municipalities related to the following:

- Financial, including all debt issues.
- Protection to persons and property, including Police, Conservation Authorities, Emergency Measures and Fire Co-ordination.
- Transportation Services, including all Regional Roadways and Traffic Control.
- Environmental Services, including Waterworks System, Sanitary Sewer System, Regional Storm Sewer System and Waste Disposal.
- Health Services, including public health services and inspections.
- Social and Family Services, including general assistance, homes for the aged and day nurseries.
- Planning, including official plan administration.
- Industrial Development and Promotion.

2) **SUMMARY OF ACCOUNTING PRINCIPLES**

a) Basis of Consolidation:

(i) Consolidated Balance Sheet

This statement reflects the assets and liabilities of the revenue fund, reserve funds, the capital fund and includes the activities of the Board of Commissioners of Police.

(ii) Consolidated Statement of Operations

This statement reflects the consolidated sources of financing and expenditures of the revenue fund, reserves, reserve funds and the capital fund of the municipality, including the Board of Commissioners of Police.

(iii) Trust Funds and Sinking Fund

The trust funds administered by the municipality are not included in these consolidated financial statements. The Net Long Term Liabilities and Capital Outlay to be Recovered in Future Years on the Consolidated Balance Sheet have been reduced by an amount equal to the sinking fund administered by the municipality. The Trust Funds and the Sinking Fund financial statements are disclosed separately.

(b) Basis of Accounting:

(i) Accrual Basis of Accounting

Expenditures and their related sources of financing are reported on the accrual basis of accounting with the exception of principal charges on debentures, included in long term liabilities, which are charged against operations in the periods in which they are paid.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Fixed Assets

The historical cost and accumulated depreciation of fixed assets are not reported for municipal purposes. Fixed assets are reported as an expenditure on the Consolidated Statement of Operations in the year of acquisition.

(iii) Capital Outlay to be Recovered in Future Years

"Capital outlay to be recovered in future years", which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the "Consolidated Balance Sheet".

(iv) Inventories of Supplies

Inventories of supplies are valued at cost on the first-in, first-out basis.

3) **CURRENT ASSETS - OTHER**

	1986	1985
Inventory	**$1,335,345**	$1,134,553
Prepaid Expenses	**1,675,341**	947,274
Other	**24,700**	24,700
	$3,035,386	$2,106,527

NOTES TO FINANCIAL STATEMENTS
December 31, 1986

4) CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS

Certain capital outlay will be recovered in future years from the following sources:

	1986	1985
General activities	**$3,069,371**	$4,272,332
Special charges on benefiting landowners	**1,408,715**	1,529,097
Sanitary sewage operation	**24,378,763**	29,522,409
Waterworks operation	**26,900,751**	31,543,129
Waste disposal operation	**886,244**	1,014,900
	$56,643,844	$67,881,867

5) NET LONG TERM LIABILITIES

The balance of net long term liabilities reported on the Consolidated Balance Sheet is made up of the following:

	1986	1985
Total long term liabilities incurred by the Region (including the former County of Ontario) and outstanding at the end of the year amount to	**$66,864,266**	$78,501,370
In addition, the Region has assumed responsibility for the payment of principal and interest charges on certain long term liabilities issued by other municipalities. At the end of the year, the principal amount of this liability is	**4,956,652**	6,050,640
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed:		
- by other municipalities and independent boards for a principal amount of	**(14,168,194)**	(15,724,690)
- by the Province of Ontario for the York/Durham Sewage System	**(328,816)**	(373,391)
The total value of the Sinking Fund and the balance in the Ministry of the Environment Debt Retirement Fund which has been accumulated to the end of the year to retire outstanding long term liabilities included above, amount to	**(680,064)**	(572,062)
Net long term liabilities at the end of the year	**$56,643,844**	$67,881,867

Approval of the Ontario Municipal Board has been obtained for these long term liabilities.

NOTES TO FINANCIAL STATEMENTS
December 31, 1986

5) **NET LONG TERM LIABILITIES/ Cont'd**

The repayment of the net long term liabilities are summarized below:

	1987 $	1988 to 1990 $	1991 to 1995 $	1996 and thereafter $
Waterworks operation	4,118,855	10,055,986	10,573,813	2,668,656
Sanitary sewage operation	4,953,499	11,988,800	8,068,966	224,580
Police	300,738	884,301	119,000	-
Roads and storm sewers	141,079	143,345	-	-
Homes for the Aged	152,577	595,843	439,390	28,172
Industrial land development	300,000	-	-	-
Waste disposal	146,657	380,587	359,000	-
	10,113,405	24,048,862	19,560,169	2,921,408

Included in Net Long Term Liabilities on the Consolidated Balance Sheet are the following:

A) An amount of $15,601,633 payable in United States dollars, which was converted into Canadian dollars at the rate of exchange prevailing when the liability was incurred. If the liability is converted into Canadian dollars at the exchange rate prevailing at December 31, 1986, the liability would be increased by $3,552,919 (1985 - $4,121,054).

B) An amount of $27,745,927 in Ontario Housing Action Program loans. These loans assist the Region in financing the installation of trunk water and sanitary sewer systems within the Region. Such loan amounts are interest free and are repayable in accordance with formulae related to the registration of plans of subdivisions in the Towns of Ajax, Pickering, Newcastle, Whitby and the City of Oshawa, on which the Region of Durham can collect development charge levies.

6) **RESERVES**

The reserves are comprised of the following:

	1986	1985
Working capital	**$1,708,198**	1,665,286
Equipment replacement	**1,230,420**	1,146,881
Contingencies	**400,000**	400,000
Sick leave	**832,764**	711,401
Capital construction	**1,677,427**	439,030
Debenture repayment - sewage	**1,201,138**	1,712,029
	$7,049,947	6,074,627

7) RESERVE FUNDS

The reserve funds are comprised of the following:

	1986	1985
Development Charge Levies - General Purposes	**$1,036,053**	$946,566
Development Charge Levies - Roads	**2,316,289**	1,230,952
Development Charge Levies - Sanitary Sewage	**7,866,096**	5,811,718
Development Charge Levies - Waterworks	**7,327,787**	5,516,230
Development Charge Levies - Fixed Charges	**1,996,060**	2,083,519
Regional Share of Sanitary Sewage Works	**2,212,977**	1,918,802
Regional Share of Waterworks	**3,390,058**	3,426,412
Rate Stabilization - Sewage	**79,026**	72,229
Rate Stabilization - Waterworks	**411,207**	375,835
Industrial Land	**649,787**	574,138
Roads Property Acquisition	**212,290**	199,752
Foreign Exchange	**396,573**	286,961
Ministry of the Environment	**164,817**	147,944
Solid Waste Disposal	**43,798**	79,578
Insurance	**1,377,888**	817,487
Brooklin Development	**2,686,801**	2,451,239
	$32,167,507	$25,939,362

8) SUPPLEMENTARY PENSION PLAN - REGIONAL POLICE

At December 31, 1986 the Region's calculation placed the liability for the unfunded past-service portion of this pension to be $530,649. No provision has been made for this liability as this amount will be amortized and charged to Police expenditures in equal amounts of $114,788 per year with the final instalment due in 1992.

9) LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by employees on terminating, amounted to approximately $10,125,000 at the end of the year (1985 - $9,253,000). A provision for sick leave reserve in the amount of $832,764 (1985 - $711,401) has been made for this liability and is reflected on the Consolidated Balance Sheet. An amount of $121,363 (1985 - $103,537) has been provided for in the current year and is reported on the Consolidated Statement of Operations.

NOTES TO FINANCIAL STATEMENTS
December 31, 1986

10) CHARGES FOR NET LONG TERM LIABILITIES

Total charges for the year for net long term liabilities which are reported on the Consolidated Statement of Operations are as follows:

	1986	1985
- Principal payments, including contributions to the Sinking Fund and to the Ministry of the Environment Debt Retirement Fund	**$10,924,094**	$6,943,438
- Interest	**4,394,290**	4,633,625
	$15,318,384	$11,577,063

Of the total 1986 charges shown above, $1,069,466 was paid from general municipal revenues of the municipality, $5,977,632 was recovered from the waterworks operation, $7,303,476 from the sanitary sewage operation, $277,810 from the waste disposal operation and $690,000 is recovered from industrial land sales. These amounts are included on the Consolidated Statement of Operations classified under the appropriate function expenditure headings.

11) CONTRACTUAL OBLIGATIONS

A) SANITARY SEWAGE SYSTEMS

The Region has entered into an agreement with the Province of Ontario and the Regional Municipality of York whereby the Province will provide sanitary sewage services to portions of the Regions of Durham and York. Under this agreement, the Province will construct and finance sewage plant facilities, and charge the Regions for the capital and operating costs of the facilities based on a sewage service rate. The sewage service rates for the years 1986-1987 are as follows:

1986 - 127¢ per thousand gallons
1987 - 133¢ per thousand gallons

In addition, under the Regional Municipality of Durham Act, 1973, the Region has assumed the responsibility for the payment of Sanitary Sewage operating costs from the former local municipalities in agreements with the Ontario Water Resources Commission and Ministry of the Environment. The average sanitary sewage service rate for the five sewage systems was 60¢ per thousand gallons in 1986. The previous agreements between local municipalities and the Ontario Water Resources Commission and Ministry of the Environment are presently being renegotiated to reflect a change in ownership and operations to the Region of Durham.

NOTES TO FINANCIAL STATEMENTS
December 31, 1986

B) LEASE COMMITMENT

The Region has commitments under various building lease agreements expiring in 1987, 1988, 1989 and 1995. These leases require an annual rental expense of approximately $450,000.

C) LIQUID DIGESTED SLUDGE REMOVAL

The Region has an agreement for the hauling of liquid digested sludge at the annual rates of $21 to $24 per 1000 Imperial Gallons for the years 1986 to 1988. The approximate annual cost is $510,000 to $560,000 for the years 1986 to 1988.

12) **CONTINGENT LIABILITY - Brooklin Development**

In 1984, the Region of Durham cashed certain letters of credit which were held as security to be drawn upon for application by the Region towards the cost of providing sewerage works and/or additions or alterations to the existing water supply system within or to the Brooklin Area. Subsequent to the cashing of the letters of credit, the developer initiated litigation proceedings against the Region in the amount of $3.1 million which includes $1 million for punitive damages. The Region believes that the developer will not be successful in his claim.

13) **CONTINUITY OF MUNICIPAL FUND BALANCES**

(A) Change in Accounting Policy

An accrual of $6,763,800, representing the repayment of loans under the Ontario Housing Action Program has been accrued in the 1986 financial statements (1985 - $2,945,933). As the 1987 payment amount is determined based upon the subdivisions registered during 1986, the accrual of this amount provides a proper matching of the costs associated with subdivision registrations of the period. Previously, these payments were expensed in the year of payment.

This change in accounting policy has resulted in a decrease in fund balances to offset user charges in 1987 for the Waterworks system of $428,900 and the Sewer system of $1,081,867.

Reserve funds have also been decreased by $2,307,100.

(B) Prior Period Adjustment

The Region is recording environmental inspection program surplus as a fund balance at the end of the year whereas it had been shown as due to the Province of Ontario in previous years.

This adjustment has resulted in an increase in provincial grants and fund balances of $89,598 (1985 - $20,000)

The above items have been retroactively applied and as a result the following changes have been made to the 1985 financial statements:

	Previously Reported	Restated
Consolidated Fund Balance, January 1, 1985	$36,046,277	$34,872,890
Consolidated Fund Balance, December 31, 1985	$43,483,036	$40,633,717

SUPPORTING SCHEDULES

SCHEDULE 1

SCHEDULE OF CONSOLIDATED OPERATIONS

for the year ended December 31, 1986

	Revenue Fund		Capital Fund	Reserves and Reserve Funds	1986 Total
	Budget	Actual	Actual	Actual	Actual
	$	$	$	$	$
SOURCES OF FINANCING					
Requisition on Area Municipalities	38,140,486	39,253,942	-	-	**39,253,942**
User Charges - Water and Sewer	26,880,000	29,461,172	-	-	**29,461,172**
Other User Charges	10,892,610	11,795,856	-	-	**11,795,856**
Grants					
- Government of Canada	20,000	-	831,452	-	**831,452**
- Province of Ontario	46,305,832	46,918,212	4,413,435	-	**51,331,647**
Contribution from developers	-	-	-	13,421,125	**13,421,125**
Other	771,118	1,294,004	880,585	4,306,216	**6,480,805**
	123,010,046	128,723,186	6,125,472	17,727,341	**152,575,999**
EXPENDITURES					
General government	4,389,965	4,648,861	558,702	-	**5,207,563**
Protection to persons & property	26,163,497	25,531,629	2,048,646	82,209	**27,662,484**
Transportation services	7,660,885	7,555,066	7,957,292	88,887	**15,601,245**
Environmental services	33,580,228	38,321,260	10,799,756	-	**49,121,016**
Health services	4,548,716	4,324,570	30,195	-	**4,354,765**
Social and family services	40,701,408	40,957,549	613,386	-	**41,571,135**
Planning and development	2,744,014	2,741,773	41,173	-	**2,782,946**
	119,788,713	124,080,708	22,049,350	171,096	**146,301,154**
EXCESS OF FINANCING OVER EXPENDITURES	3,221,333	4,642,478	(15,923,878)	17,556,245	**6,274,845**
APPROPRIATIONS					
Net appropriations between funds	(7,851,333)	(4,439,111)	14,791,891	(10,352,780)	-
FUND BALANCES AT THE BEGINNING OF THE YEAR	4,630,000	3,572,583	5,047,145	32,013,989	**40,633,717**
FUND BALANCES AT THE END OF THE YEAR	-	3,775,950	3,915,158	39,217,454	**46,908,562**

SCHEDULE 2

SUMMARY SCHEDULE OF CONTINUITY OF RESERVE FUNDS
for the year ended December 31, 1986

	1986 $	1985 $
Balance at the beginning of the year	**25,939,362**	22,219,803
Revenue		
Interest on investments	**2,974,077**	2,190,696
Development charge levies	**12,023,216**	6,897,678
Contributions from the revenue fund	**942,285**	1,231,897
Other	**1,284,449**	226,649
Total revenue	**17,224,027**	10,546,920
Expenditure		
Debt charges and capital expenditures		
- general activities	**1,430,000**	310,000
- sanitary sewage operation	**3,593,900**	2,696,376
- waterworks operation	**3,694,063**	2,675,950
- waste disposal operation	**43,267**	60,577
	8,761,230	5,742,903
Contributions to capital fund	**2,063,556**	941,279
Other	**171,096**	143,179
Total expenditure	**10,995,882**	6,827,361
Balance at the end of the year	**32,167,507**	25,939,362

SCHEDULE 3

CONTINUITY OF RESERVE FUNDS
for the year ended December 31, 1986

	General Purpose $	Development Charge Levies: Roads $	Sewage (Sched-4) $	Waterworks (Sched-5) $	Fixed Charges $	Industrial Land $	Property Acquisition $	Roads Foreign Exchange $	Ministry of the Environment $	Solid Waste Disposal $	Insurance $	Brooklin Development $	Total $
Balance at beginning of year	946,566	1,230,952	7,802,749	9,318,477	2,083,519	574,138	199,752	286,961	147,944	79,578	817,487	2,451,239	25,939,362
Revenue:													
Interest on investments	89,097	154,002	956,020	1,130,471	197,103	54,791	19,517	27,006	16,873	7,487	86,148	235,562	2,974,077
Development charge levies	390	1,671,335	5,613,729	4,686,273	51,489								12,023,216
Contribution from revenue fund			189,600	128,300				82,606			541,779		942,285
Other						1,187,858	81,907				14,684		1,284,449
Total Revenue	89,487	1,825,337	6,759,349	5,945,044	248,592	1,242,649	101,424	109,612	16,873	7,487	642,611	235,562	17,224,027
Expenditure:													
Debt charges and capital expenditure													
- general activities		740,000				690,000				43,267			1,473,267
- sewer/water operations			3,481,900	3,582,063	224,000								7,287,963
Contribution to capital fund			922,099	552,406	112,051	477,000							2,063,556
Other							88,886				82,210		171,096
Total Expenditure		740,000	4,403,999	4,134,469	336,051	1,167,000	88,886			43,267	82,210		10,995,882
Balance at end of year	1,036,053	2,316,289	10,158,099	11,129,052	1,996,060	649,787	212,290	396,573	164,817	43,798	1,377,888	2,686,801	32,167,507

SCHEDULE 4

SEWAGE RESERVE FUNDS
for the year ended December 31, 1986

	Rate Stabilization $	City of Oshawa Sewers/Sewage Treatment $	Development Charge Levies $	Regional Share of Sewage Works $	**Total $**
Balance at beginning of year	72,229	24,031	5,787,687	1,918,802	**7,802,749**
Revenue:					
Interest on investments	6,797	2,399	758,355	188,469	**956,020**
Development charge levies			4,775,524	838,205	**5,613,729**
Contribution from revenue fund				189,600	**189,600**
Total Revenue	6,797	2,399	5,533,879	1,216,274	**6,759,349**
Expenditure:					
Debt charges and capital expenditure - sanitary sewage operation			3,481,900		**3,481,900**
Contribution to capital fund				922,099	**922,099**
Total Expenditure			3,481,900	922,099	**4,403,999**
Balance at end of year	79,026	26,430	7,839,666	2,212,977	**10,158,099**

SCHEDULE 5

WATER RESERVE FUNDS
for the year ended December 31, 1986

	Rate Stabilization	Development Charge Levies	Regional Share of Waterworks	Total
	$	$	$	$
Balance at beginning of year	375,835	5,516,230	3,426,412	**9,318,477**
Revenue:				
Interest on investments	35,372	780,973	314,126	**1,130,471**
Development charge levies		4,612,647	73,626	**4,686,273**
Contribution from revenue fund			128,300	**128,300**
Total Revenue	35,372	5,393,620	516,052	**5,945,044**
Expenditure:				
Debt charges and capital expenditure - waterworks operation		3,582,063		**3,582,063**
Contribution to capital fund			552,406	**552,406**
Total Expenditure		3,582,063	552,406	**4,134,469**
Balance at end of year	411,207	7,327,787	3,390,058	**11,129,052**

SINKING FUND
Auditor's Report
And Financial Statements

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Regional Municipality of Durham:

We have examined the balance sheet of the sinking fund of the Corporation of the Regional Municipality of Durham as at December 31, 1986 and the sinking fund statement of continuity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the sinking fund of the Corporation of the Regional Municipality of Durham as at December 31, 1986 and the continuity of sinking fund for the year then ended in accordance with accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins & Sells

Chartered Accountants

March 3, 1987
Licence No. 1113

SINKING FUND

STATEMENT OF CONTINUITY
for the year ended December 31, 1986

	Debt Retirement Fund 1986 $	Debt Retirement Fund 1985 $
Balance at the beginning of the year	97,791	71,710
Contribution from the waterworks operation	30,243	30,243
Interest earned	53,851	38,392
	84,094	68,635
Actuarial requirement for the year	44,682	42,554
Balance at the end of the year	137,203	97,791

BALANCE SHEET
as at December 31, 1986

	Debt Retirement Fund 1986 $	Debt Retirement Fund 1985 $
Assets		
Investments - at amortized cost (market value $503,232 - 1986; $415,230 - 1985)	470,675	386,580
Total	470,675	386,580
Liability		
Actuarial requirement for retirement of debenture	333,472	288,789
Fund Balance	137,203	97,791
Total	470,675	386,580

NOTES TO SINKING FUND FINANCIAL STATEMENTS - DECEMBER 31, 1986

1) Investments
All investments are purchased with the intention of holding them until maturity and are recorded at cost price adjusted annually for amortization of discount or premium on the straight line basis as determined at the date of purchase with the amount of such amortization included in the interest earned on the Statement of Continuity.

2) Actuarial Requirements
The actuarial requirements of the sinking fund represent the amounts levied during the year as set out in the sinking fund debenture by-law plus interest thereon capitalized at a rate of 5% per annum compounded annually. Any excess revenue over these requirements is included in the sinking fund balance.

TRUST FUND
Auditor's Report
And Financial Statements

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Regional Municipality of Durham:

We have examined the balance sheet of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 1986 and the statement of continuity of trust funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except as explained in the following paragraph.

In common with many funds of a similar nature, the Region derives the majority of its trust fund capital receipts in the form of contributions on behalf of the residents of the Homes for the Aged which are not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to accounting for the amounts recorded in the records of the trust funds.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had capital receipts on behalf of the residents been susceptible to complete audit verification, these financial statements present fairly the financial position of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 1986 and the continuity of trust funds for the year ended in accordance with accounting principles disclosed in the Note to the financial statement applied on a basis consistent with that of the preceding year.

Deloitte Haskins & Sells

Chartered Accountants

March 27, 1987
Licence No. 1113

TRUST FUNDS

STATEMENT OF CONTINUITY
for the year ended December 31, 1986

	Total	Homes for the Aged			Campbell	Social
		Residents	Donations	Bequests	Bequest	Services
	$	$	$	$	$	$
Balance at the beginning of the year	1,342,308	933,677	56,867	347,933	1,985	1,846
Capital receipts on behalf of:						
Residents	590,515	571,039	19,476			
Welfare Recipients	89,248				5,600	83,648
Interest earned	97,273	66,217	4,450	26,606		
Total receipts	777,036	637,256	23,926	26,606	5,600	83,648
Expenditures on behalf of:						
Residents	626,194	618,782	7,412			
Welfare Recipients	85,347				1,286	84,061
Total expenditures	711,541	618,782	7,412	-	1,286	84,061
Balance at the end of the year	1,407,803	952,151	73,381	374,539	6,299	1,433

BALANCE SHEET
as at December 31, 1986

	Total	Homes for the Aged			Campbell	Social
		Residents	Donations	Bequests	Bequest	Services
	$	$	$	$	$	$
Assets						
Cash and accrued interest	218,450	135,178	73,381	2,159	6,299	1,433
Short term investments	1,189,353	816,973		372,380		
Total assets	1,407,803	952,151	73,381	374,539	6,299	1,433
Fund Balance	1,407,803	952,151	73,381	374,539	6,299	1,433

NOTE TO TRUST FUNDS FINANCIAL STATEMENTS - DECEMBER 31, 1986

SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted for Ontario municipalities as required by the Ministry of Municipal Affairs, and reflect the following policy as set forth in the Municipal Financial Reporting Handbook.

Basis of Accounting
Sources of financing and expenditures are reported on the cash basis of accounting with the exception of interest income which is reported on the accrual basis.